



JOSEPH R. BIDEN, III
ATTORNEY GENERAL

DEPARTMENT OF JUSTICE
820 NORTH FRENCH STREET
WILMINGTON, DELAWARE 19801

CONTACT JASON MILLER
PUBLIC INFORMATION OFFICER
PHONE (302) 577-8949
CELL (302) 893-8939
Jason.Miller@state.de.us

Media Release

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Biden Warns Consumers to be Alert for Investor Fraud on Social Networking Sites

Wilmington – Noting that scam artists exploit the sense of familiarity and community that users experience through online social networking websites like Facebook, Twitter, LinkedIn and eHarmony, Attorney General Beau Biden today warned consumers to be on the lookout for shady investment schemes that are pitched through “friends” on these sites.

“Social media websites connect us more closely to family, friends, and acquaintances than ever before, but they’ve also opened a door for con artists to manipulate that sense of community to target unsuspecting victims,” Attorney General Biden said. “Consumers can protect themselves and their families from becoming victims if they are vigilant and ask the right questions before making an investment. I urge anyone who believes they have been targeted by a scam through a social networking site to immediately call our Consumer Protection Hotline at 800-220-5424.”

Scams committed through social networking sites are rapidly-spreading modern versions of traditional “affinity fraud,” in which victims are identified through “real world” social networks like professional associations, faith-based communities, and community service groups. Criminals connect with members through common interests, lifestyles or faith to establish trusting bonds, and once a victim feels they can trust the scammer, they are more likely to agree to the scheme. Today, with information such as dates or places of birth, phone numbers, home addresses, employment histories, and photographs readily available on social media sites, scammers are able to commit this type of fraud faster and on a larger scale than they can offline.

In a recent case of affinity fraud prosecuted by the Attorney General’s Office, Terrel Alexander was convicted of stealing over \$100,000 from Delaware investors whose trust he gained by invoking religious and cultural themes in his investment solicitations. Alexander pled guilty and was sentenced to jail earlier this year.

Biden offered the following tips to avoid becoming the victim of a social networking scam:

- Beware of red flags, such as promises of high returns with no risk, foreign (offshore) operations, requirements to open an e-currency site account and a lack of written information
- Ask for a prospectus or written information about the investment’s risks
- Check out the offer with the Attorney General’s Investor Protection Unit at (302) 577-8424 or www.state.de.us/securities
- Limit access to your personal information through privacy controls on social networking sites
- Remember: If it sounds too good to be true, it probably is!

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